



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005
OF THE CONDITION AND AFFAIRS OF THE
American Concept Insurance Company

NAIC Group Code	0156	0156	NAIC Company Code	31909	Employer's ID Number	46-0322617	
	(Current Period)	(Prior Period)					
Organized under the Laws of	Rhode Island			, State of Domicile or Port of Entry			Rhode Island
Country of Domicile	United States of America						
Incorporated/Organized	08/01/1974			Commenced Business			09/13/1974
Statutory Home Office	88 Boyd Avenue			East Providence, RI 02914			
	(Street and Number)			(City or Town, State and Zip Code)			
Main Administrative Office	88 Boyd Avenue			East Providence, RI 02914		401-453-7000	
	(Street and Number)			(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	88 Boyd Avenue			East Providence, RI 02914			
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)			
Primary Location of Books and Records	88 Boyd Avenue			East Providence, RI 02914		401-453-7132	
	(Street and Number)			(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	www.provwash.com						
Statutory Statement Contact	DONALD EDWARD WOELLNER			401-453-7132			
	(Name)			(Area Code) (Telephone Number) (Extension)			
	don.woellner@provwash.com			401-453-7204			
	(E-mail Address)			(Fax Number)			
Policyowner Relations Contact	88 Boyd Avenue			East Providence, RI 02914		401-453-7431	
	(Street and Number)			(City or Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension)	

OFFICERS

Name	Title	Name	Title
JEFFREY SCOTT MACK	President & CEO	NANCY RODRIGUES RESENDE	Corporate Secretary
DONALD EDWARD WOELLNER	VP, Controller & Asst Treasurer		

OTHER OFFICERS

JOHN HOUSTON BALLARD, III	Executive VP, Claims		
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DIRECTORS OR TRUSTEES

JOHN HOUSTON BALLARD, III	LAURA MARGARET HUGHES	JEFFREY SCOTT MACK	DONALD EDWARD WOELLNER
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State ofRhode Island.....

County ofProvidence..... **SS**

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

JEFFREY SCOTT MACK President & CEO	NANCY RODRIGUES RESENDE Corporate Secretary	DONALD EDWARD WOELLNER VP, Controller & Asst Treasurer
Subscribed and sworn to before me this 17th day of February, 2006		a. Is this an original filing? Yes [X] No [] b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached
Nancy L. Wass Notary March 13, 2009		

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	8,226,004	30,188	8,195,816	11,284,543
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$0 , Schedule E, Part 1), cash equivalents (\$1,298,894 , Schedule E, Part 2) and short-term investments (\$65,255 , Schedule DA).....	1,364,151		1,364,151	248,022
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	9,590,155	30,188	9,559,967	11,532,565
11. Title plants less \$charged off (for Title insurers only).....			0	
12. Investment income due and accrued	48,303		48,303	66,304
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	62,809	17,584	45,225	161,023
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$458 earned but unbilled premium).....	13,133	46	13,087	237,321
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2Net deferred tax asset.....	1,235,475	1,235,475	0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software.....			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$) and other amounts receivable.....			0	0
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	10,949,875	1,283,293	9,666,582	11,997,212
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	10,949,875	1,283,293	9,666,582	11,997,212
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	4,653,741	5,866,373
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	1,241,044	1,513,644
4. Commissions payable, contingent commissions and other similar charges	9,054	25,944
5. Other expenses (excluding taxes, licenses and fees)	311,920	422,192
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	91,353	107,555
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$1,563 and including warranty reserves of \$1,349)	71,638	916,199
10. Advance premiums		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	479,941	485,837
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	5,347	(14,773)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	6,864,037	9,322,970
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	6,864,037	9,322,970
27. Aggregate write-ins for special surplus funds	0	52,200
28. Common capital stock	1,000,000	1,000,000
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	2,809,484	2,809,484
33. Unassigned funds (surplus)	(1,006,940)	(1,187,442)
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	2,802,544	2,674,242
36. TOTALS (Page 2, Line 26, Col. 3)	9,666,582	11,997,212
DETAILS OF WRITE-INS		
2301. LIMITED ASSIGNMENT DISTRIBUTION BUYOUT PAYABLE	5,250	12,000
2302. PREMIUM DEFICIENCY RESERVE	97	25,427
2303. RETROACTIVE REINSURANCE RESERVES CEDED		(52,200)
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	5,347	(14,773)
2701. SPECIAL SURPLUS FROM RETROACTIVE REINSURANCE		52,200
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	52,200
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	848,293	3,770,273
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	640,849	3,061,173
3. Loss expenses incurred (Part 3, Line 25, Column 1)	280,180	882,829
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	213,126	1,423,573
5. Aggregate write-ins for underwriting deductions	(25,330)	24,650
6. Total underwriting deductions (Lines 2 through 5)	1,108,825	5,392,225
7. Net income of protected cells		0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(260,532)	(1,621,952)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	403,281	481,881
10. Net realized capital gains (losses) less capital gains tax of \$ (Exhibit of Capital Gains (Losses)).....	26,178	24,095
11. Net investment gain or (loss) (Lines 9 + 10)	429,459	505,976
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$10,308)	(10,308)	(18,611)
13. Finance and service charges not included in premiums	5,687	42,298
14. Aggregate write-ins for miscellaneous income	2,445	(25,979)
15. Total other income (Lines 12 through 14)	(2,177)	(2,292)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	166,751	(1,118,267)
17. Dividends to policyholders		(1,359)
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	166,751	(1,116,908)
19. Federal and foreign income taxes incurred		0
20. Net income (Line 18 minus Line 19) (to Line 22)	166,751	(1,116,908)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	2,674,242	3,764,666
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	166,751	(1,116,908)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$		0
25. Change in net unrealized foreign exchange capital gain (loss)		0
26. Change in net deferred income tax	(53,057)	367,291
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	30,965	(351,245)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29. Change in surplus notes		0
30. Surplus (contributed to) withdrawn from protected cells		0
31. Cumulative effect of changes in accounting principles		0
32. Capital changes:		
32.1. Paid in		0
32.2. Transferred from surplus (Stock Dividend)		0
32.3. Transferred to surplus		0
33. Surplus adjustments:		
33.1. Paid in		0
33.2. Transferred to capital (Stock Dividend)		0
33.3. Transferred from capital		0
34. Net remittances from or (to) Home Office		0
35. Dividends to stockholders		0
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	(16,356)	10,438
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	128,303	(1,090,424)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	2,802,544	2,674,242
DETAILS OF WRITE-INS		
0501. PREMIUM DEFICIENCY RESERVE	(25,330)	24,650
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(25,330)	24,650
1401. LIMITED ASSIGNMENT DISTRIBUTION BUYOUT COST	1,110	(7,116)
1402. OTHER EXPENSE	1,335	(18,863)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	2,445	(25,979)
3701. CHANGE IN MINIMUM PENSION LIABILITY, NET OF TAX	(16,356)	10,438
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	(16,356)	10,438

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	360,284	3,268,206
2. Net investment income	439,779	530,139
3. Miscellaneous income	(2,177)	171,378
4. Total (Lines 1 to 3)	797,887	3,969,723
5. Benefit and loss related payments	1,801,280	2,966,657
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	882,812	2,186,842
8. Dividends paid to policyholders	0	3,891
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	8,426	(101,000)
10. Total (Lines 5 through 9)	2,692,518	5,056,391
11. Net cash from operations (Line 4 minus Line 10)	(1,894,631)	(1,086,668)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	3,065,093	3,148,369
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(1)	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,065,092	3,148,369
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	3,125,032
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	3,125,032
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	3,065,092	23,337
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(54,332)	368,773
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(54,332)	368,773
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	1,116,129	(694,558)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	248,027	942,585
19.2 End of period (Line 18 plus Line 19.1).....	1,364,156	248,027

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	5,184	11,578	4,419	12,343
2.	Allied lines	3,728	7,783	2,530	8,981
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	10,726	273,057	37,105	246,677
5.	Commercial multiple peril	(34,931)	179,318	0	144,387
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	(395)	5,392	514	4,484
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	(18,006)	35,521	282	17,234
17.1	Other liability - occurrence	353	7,254	134	7,472
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	565	1,221	7	1,779
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	45,128	55,836	8,432	92,532
19.3,19.4	Commercial auto liability	498	192,329	13,085	179,741
21.	Auto physical damage	14,338	83,840	3,297	94,881
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	7	0	7
24.	Surety	205	197	25	377
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	1,697	0	0	1,697
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	(24,986)	62,036	1,349	35,702
34.	TOTALS	4,103	915,370	71,180	848,293
DETAILS OF WRITE-INS					
3301.	Products Warranty.....	(24,986)	62,036	1,349	35,702
3302.	.....			
3303.	.....			
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	(24,986)	62,036	1,349	35,702

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience.

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	4,419	.0	.0	.0	4,419
2.	Allied lines	2,530	.0	.0	.0	2,530
3.	Farmowners multiple peril .....	.0	.0	.0	.0	.0
4.	Homeowners multiple peril	37,105	.0	.0	.0	37,105
5.	Commercial multiple peril .....	.0	.0	.0	.0	.0
6.	Mortgage guaranty .....	.0	.0	.0	.0	.0
8.	Ocean marine .....	.0	.0	.0	.0	.0
9.	Inland marine .....	.514	.0	.0	.0	.514
10.	Financial guaranty .....	.0	.0	.0	.0	.0
11.1	Medical malpractice - occurrence .....	.0	.0	.0	.0	.0
11.2	Medical malpractice - claims-made .....	.0	.0	.0	.0	.0
12.	Earthquake .....	.0	.0	.0	.0	.0
13.	Group accident and health .....	.0	.0	.0	.0	.0
14.	Credit accident and health (group and individual) .....	.0	.0	.0	.0	.0
15.	Other accident and health .....	.0	.0	.0	.0	.0
16.	Workers' compensation .....	.282	.0	.0	.0	.282
17.1	Other liability - occurrence .....	.134	.0	.0	.0	.134
17.2	Other liability - claims-made .....	.0	.0	.0	.0	.0
18.1	Products liability - occurrence .....	.7	.0	.0	.0	.7
18.2	Products liability - claims-made .....	.0	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability .....	.8,432	.0	.0	.0	.8,432
19.3,19.4	Commercial auto liability .....	.13,543	.0	(.458)	.0	.13,085
21.	Auto physical damage .....	.3,297	.0	.0	.0	.3,297
22.	Aircraft (all perils) .....	.0	.0	.0	.0	.0
23.	Fidelity .....	.0	.0	.0	.0	.0
24.	Surety .....	.25	.0	.0	.0	.25
26.	Burglary and theft .....	.0	.0	.0	.0	.0
27.	Boiler and machinery .....	.0	.0	.0	.0	.0
28.	Credit .....	.0	.0	.0	.0	.0
29.	International .....	.0	.0	.0	.0	.0
30.	Reinsurance - Nonproportional Assumed Property ..	.0	.0	.0	.0	.0
31.	Reinsurance - Nonproportional Assumed Liability ..	.0	.0	.0	.0	.0
32.	Reinsurance - Nonproportional Assumed Financial Lines .....	.0	.0	.0	.0	.0
33.	Aggregate write-ins for other lines of business .....	.1,349	.0	.0	.0	.1,349
34.	TOTALS	71,638	0	(.458)	0	71,180
35.	Accrued retrospective premiums based on experience					
36.	Earned but unbilled premiums .....					.458
37.	Balance (Sum of Line 34 through 36)					71,638
DETAILS OF WRITE-INS						
3301.	Products Warranty.....	.1,349				.1,349
3302.	.....					.0
3303.	.....					.0
3398.	Summary of remaining write-ins for Line 33 from overflow page .....	.0	.0	.0	.0	.0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	1,349	0	0	0	1,349

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes [X] No []

(b) State here basis of computation used in each case . Monthly Pro Rata.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees Written and Renewed During Year						
Line of Business		1	Reinsurance Assumed		Reinsurance Ceded	
		Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates
						6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1.	Fire	(2,377)	5,184	.0	(2,377)	.0
2.	Allied lines	(1,803)	3,728	.0	(1,803)	.0
3.	Farmowners multiple peril .....	.0	.0	.0	.0	.0
4.	Homeowners multiple peril	(104,218)	10,726	.0	(104,218)	.0
5.	Commercial multiple peril	(2,661)	(34,931)	.0	(2,661)	.0
6.	Mortgage guaranty .....	.0	.0	.0	.0	.0
8.	Ocean marine .....	.0	.0	.0	.0	.0
9.	Inland marine	(862)	(395)	.0	(862)	.0
10.	Financial guaranty .....	.0	.0	.0	.0	.0
11.1	Medical malpractice - occurrence .....	.0	.0	.0	.0	.0
11.2	Medical malpractice - claims-made .....	.0	.0	.0	.0	.0
12.	Earthquake .....	.0	.0	.0	.0	.0
13.	Group accident and health .....	.0	.0	.0	.0	.0
14.	Credit accident and health (group and individual) .....	.0	.0	.0	.0	.0
15.	Other accident and health .....	.0	.0	.0	.0	.0
16.	Workers' compensation .....	.0	(18,006)	.0	.0	.0
17.1	Other liability - occurrence	(629)	353	.0	(629)	.0
17.2	Other liability - claims-made .....	.0	.0	.0	.0	.0
18.1	Products liability - occurrence .....	.0	565	.0	.0	.0
18.2	Products liability - claims-made .....	.0	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability	(19,003)	45,128	.0	(19,003)	.0
19.3,19.4	Commercial auto liability .....	.0	498	.0	.0	.0
21.	Auto physical damage	(13,899)	14,338	.0	(13,899)	.0
22.	Aircraft (all perils) .....	.0	.0	.0	.0	.0
23.	Fidelity .....	.0	.0	.0	.0	.0
24.	Surety .....	.0	205	.0	.0	.0
26.	Burglary and theft .....	.0	.0	.0	.0	.0
27.	Boiler and machinery .....	.0	.0	.0	.0	.0
28.	Credit .....	.0	.0	.0	.0	.0
29.	International .....	.0	.0	.0	.0	.0
30.	Reinsurance - Nonproportional Assumed Property	XXX	.0	.0	.0	.0
31.	Reinsurance - Nonproportional Assumed Liability	XXX	1,697	.0	.0	.0
32.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	.0
33.	Aggregate write-ins for other lines of business	0	(24,986)	0	0	0
34.	TOTALS	(145,452)	4,103	0	(145,452)	0
DETAILS OF WRITE-INS						
3301.	Products Warranty.....		(24,986)			(24,986)
3302.	.....				
3303.	.....				
3398.	Summary of remaining write-ins for Line 33 from overflow page .....	.0	.0	.0	.0	.0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	(24,986)	0	0	(24,986)

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

 If yes: 1. The amount of such installment premiums \$

 2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE American Concept Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business		Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire .....	.0	11,701	.0	11,701	9,403	8,122	12,982	105.2
2.	Allied lines	3,026	3,137	3,026	3,137	1,969	1,600	3,506	39.0
3.	Farmowners multiple peril .....	.0	.0	.0	.0	.0	.0	.0	.0
4.	Homeowners multiple peril	125,617	232,580	125,617	232,580	203,196	297,079	138,696	56.2
5.	Commercial multiple peril .....	.0	491,766	.0	491,766	1,416,734	1,703,064	205,436	142.3
6.	Mortgage guaranty .....	.0	.0	.0	.0	.0	.0	.0	.0
8.	Ocean marine .....	.0	5,772	.0	5,772	(304)	6,022	(554)	137,050.9
9.	Inland marine	4,028	3,041	4,028	3,041	3,753	5,235	1,560	34.8
10.	Financial guaranty .....	.0	.0	.0	.0	.0	.0	.0	.0
11.1	Medical malpractice - occurrence .....	.0	.0	.0	.0	.0	.0	.0	.0
11.2	Medical malpractice - claims-made .....	.0	.0	.0	.0	.0	.0	.0	.0
12.	Earthquake .....	.0	.0	.0	.0	.0	.0	.0	.0
13.	Group accident and health .....	.0	.0	.0	.0	.0	.0	.0	.0
14.	Credit accident and health (group and individual) .....	.0	.0	.0	.0	.0	.0	.0	.0
15.	Other accident and health .....	.0	.0	.0	.0	.0	.0	.0	.0
16.	Workers' compensation .....	.0	(36,507)	.0	(36,507)	1,189,361	1,039,240	113,615	659.3
17.1	Other liability - occurrence	21,000	21,830	21,000	21,830	203,739	256,316	(30,748)	(411.5)
17.2	Other liability - claims-made .....	.0	(6)	.0	(6)	84	60	18	.0
18.1	Products liability - occurrence .....	.0	(83)	.0	(83)	(394)	(477)	.0	.0
18.2	Products liability - claims-made .....	.0	.0	.0	.0	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability	481,564	225,266	481,564	225,266	238,605	554,715	(90,844)	(98.2)
19.3,19.4	Commercial auto liability .....	.0	639,409	.0	639,409	1,105,474	1,649,523	95,360	53.1
21.	Auto physical damage	54,810	48,776	54,810	48,776	177	(6,549)	55,502	58.5
22.	Aircraft (all perils) .....	.0	.0	.0	.0	.0	.0	.0	.0
23.	Fidelity .....	.0	(6)	.0	(6)	1,504	1,316	182	2,437.9
24.	Surety .....	.0	(201)	.0	(201)	1,580	823	556	147.5
26.	Burglary and theft .....	.0	.0	.0	.0	.0	.0	.0	.0
27.	Boiler and machinery .....	.0	.0	.0	.0	.0	.0	.0	.0
28.	Credit .....	.0	.0	.0	.0	.0	.0	.0	.0
29.	International .....	.0	.0	.0	.0	.0	.0	.0	.0
30.	Reinsurance - Nonproportional Assumed Property	XXX	(2,333)	.0	(2,333)	1,934	6,107	(6,506)	.0
31.	Reinsurance - Nonproportional Assumed Liability	XXX	158,890	.0	158,890	276,926	338,231	97,585	5,752.1
32.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	.0	.0	.0	.0
33.	Aggregate write-ins for other lines of business .....	.0	50,450	.0	50,450	.0	5,946	44,504	124.7
34.	TOTALS	690,044	1,853,480	690,044	1,853,480	4,653,741	5,866,373	640,849	75.5
DETAILS OF WRITE-INS									
3301.	Products Warranty		50,450		50,450	.0	5,946	44,504	124.7
3302.	.....							
3303.	.....							
3398.	Summary of remaining write-ins for Line 33 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	50,450	0	50,450	0	5,946	44,504	124.7

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE American Concept Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1.	Fire .....	.0	9,152	.0	9,152	.0	252	.0	9,403	1,658
2.	Allied lines .....	.0	1,987	.0	1,987	.0	(18)	.0	1,969	942
3.	Farmowners multiple peril .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.	Homeowners multiple peril	10,369	144,816	10,369	144,816	5,845	58,380	5,845	203,196	28,276
5.	Commercial multiple peril .....	.0	876,764	.0	876,764	.0	539,971	.0	1,416,734	639,547
6.	Mortgage guaranty .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.	Ocean marine .....	.0	(617)	.0	(617)	.0	313	.0	(304)	128
9.	Inland marine .....	.0	3,123	.0	3,123	.0	630	.0	3,753	1,437
10.	Financial guaranty .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.1	Medical malpractice - occurrence .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.2	Medical malpractice - claims-made .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.	Earthquake .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13.	Group accident and health .....	.0	.0	.0	.0	.0	.0	.0	(a)	.0
14.	Credit accident and health (group and individual) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
15.	Other accident and health .....	.0	.0	.0	.0	.0	.0	.0	(a)	.0
16.	Workers' compensation .....	.0	738,937	.0	738,937	.0	450,424	.0	1,189,361	93,537
17.1	Other liability - occurrence .....	.0	115,359	.0	115,359	.0	88,380	.0	203,739	56,793
17.2	Other liability - claims-made .....	.0	84	.0	84	.0	.0	.0	84	.0
18.1	Products liability - occurrence .....	.0	.0	.0	.0	.0	(394)	.0	(394)	(340)
18.2	Products liability - claims-made .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability	305,964	155,485	305,964	155,485	189,895	83,120	189,895	238,605	77,758
19.3,19.4	Commercial auto liability .....	.0	748,819	.0	748,819	.0	356,655	.0	1,105,474	333,423
21.	Auto physical damage .....	.0	1,898	.0	1,898	.0	(1,721)	.0	177	7,445
22.	Aircraft (all perils) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
23.	Fidelity .....	.0	1,500	.0	1,500	.0	4	.0	1,504	213
24.	Surety .....	.0	1,062	.0	1,062	.0	517	.0	1,580	228
26.	Burglary and theft .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
27.	Boiler and machinery .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
28.	Credit .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
29.	International .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
30.	Reinsurance - Nonproportional Assumed Property	XXX	663	.0	663	XXX	1,271	.0	1,934	.0
31.	Reinsurance - Nonproportional Assumed Liability	XXX	35,507	.0	35,507	XXX	241,419	.0	276,926	.0
32.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	XXX	.0	.0	.0	.0
33.	Aggregate write-ins for other lines of business .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
34.	TOTALS	316,333	2,834,538	316,333	2,834,538	195,740	1,819,203	195,740	4,653,741	1,241,044
DETAILS OF WRITE-INS										
3301.	.....								
3302.	.....								
3303.	.....								
3398.	Summary of remaining write-ins for Line 33 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

(a) Including \$ for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	(44,816)			(44,816)
1.2 Reinsurance assumed	92,305			92,305
1.3 Reinsurance ceded	(44,816)			(44,816)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	92,305	0	0	92,305
2. Commission and brokerage:				
2.1 Direct excluding contingent		(17,732)		(17,732)
2.2 Reinsurance assumed, excluding contingent		41,192		41,192
2.3 Reinsurance ceded, excluding contingent		(17,732)		(17,732)
2.4 Contingent-direct		0		0
2.5 Contingent-reinsurance assumed		(12,449)		(12,449)
2.6 Contingent-reinsurance ceded		0		0
2.7 Policy and membership fees		0		0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	28,742	0	28,742
3. Allowances to manager and agents	0	0	368	368
4. Advertising	0	0	26	26
5. Boards, bureaus and associations	2,767	4,006	159	6,931
6. Surveys and underwriting reports	198	287	11,056	11,542
7. Audit of assureds' records	1,193	(5,022)	851	(2,977)
8. Salary and related items:				
8.1 Salaries	83,172	80,424	1,665	165,261
8.2 Payroll taxes	6,403	6,422	493	13,317
9. Employee relations and welfare	12,522	16,184		28,706
10. Insurance	3,708	5,369	148	9,225
11. Directors' fees	0	0	961	961
12. Travel and travel items	1,112	1,611	1,709	4,432
13. Rent and rent items	7,229	10,468	359	18,056
14. Equipment	12,858	18,620	92	31,570
15. Cost or depreciation of EDP equipment and software	2,704	3,916	412	7,032
16. Printing and stationery	(21)	1,001	10,502	11,482
17. Postage, telephone and telegraph, exchange and express	3,809	4,485		8,294
18. Legal and auditing	11,230	8,762		19,991
19. Totals (Lines 3 to 18)	148,883	156,533	28,801	334,216
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$0		(6,207)		(6,207)
20.2 Insurance department licenses and fees		9,222		9,222
20.3 Gross guaranty association assessments		0		0
20.4 All other (excluding federal and foreign income and real estate)		15,703		15,703
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	18,718	0	18,718
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	38,992	9,133	(514)	47,611
25. Total expenses incurred	280,180	213,126	28,286	(a) 521,592
26. Less unpaid expenses - current year	1,241,044	409,655	2,672	1,653,371
27. Add unpaid expenses - prior year	1,513,644	551,891	3,800	2,069,335
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	552,780	355,362	29,414	937,556
DETAILS OF WRITE-INS				
2401. Contract Services	36,362	9,824	891	47,076
2402. Outside Consultants	671	972	89	1,732
2403. Miscellaneous Expenses	1,960	(1,662)	(1,494)	(1,197)
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	38,992	9,133	(514)	47,611

(a) Includes management fees of \$ paid to affiliates and \$ paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....186,761	.....180,689
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....244,314	.....232,505
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) .....18,492	.....18,373
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	449,567	431,567
11.	Investment expenses		(g) .....28,286
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....28,286
17.	Net Investment Income - (Line 10 minus Line 16)		403,281
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$6,549 accrual of discount less \$26,174 amortization of premium and less \$paid for accrued interest on purchases.
(b) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued dividends on purchases.
(c) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(d) Includes \$for company's occupancy of its own buildings; and excludes \$interest on encumbrances.
(e) Includes \$accrual of discount less \$13,496 amortization of premium and less \$paid for accrued interest on purchases.
(f) Includes \$accrual of discount less \$amortization of premium.
(g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$interest on surplus notes and \$interest on capital notes.
(i) Includes \$depreciation on real estate and \$depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				.....0
1.1	Bonds exempt from U.S. tax .....				.....0
1.2	Other bonds (unaffiliated) .....	.....26,179			.....26,179
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....				.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....				.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0
3.	Mortgage loans .....				.....0
4.	Real estate .....				.....0
5.	Contract loans .....				.....0
6.	Cash, cash equivalents and short-term investments .....	.....(1)			.....(1)
7.	Derivative instruments .....				.....0
8.	Other invested assets .....				.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	26,178	0	0	26,178
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	30,188	0	(30,188)
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short -term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	30,188	0	(30,188)
11. Title plants (for Title insurers only).....	0		0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	17,584	34,069	16,485
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	46	83	37
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	1,235,475	1,280,106	44,631
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	1,283,293	1,314,258	30,965
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	1,283,293	1,314,258	30,965
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(A) Accounting Practices

The financial statements of American Concept Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Rhode Island Insurance Department.

The Rhode Island Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Rhode Island for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Rhode Island Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Rhode Island. The Rhode Island Insurance Department has the right to permit specific practices that deviate from prescribed practices.

The Company, with the explicit permission of the Rhode Island Insurance Department records one specific reinsurance transaction in a manner that differs from prescribed accounting practices. Effective on the closing date of the change in ownership (October 1998), the Company entered into an adverse loss development reinsurance agreement. Under the terms of the agreement, the Company may cede to the reinsurer 100% of the aggregate ultimate net losses for the 1997 and prior accident years in excess of \$226.1 million (retention) up to a maximum limit of \$26 million. This transaction has been accounted for as prospective reinsurance pursuant to a permitted practice extended by the Rhode Island Insurance Department.

Reconciliations of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Rhode Island for the twelve months ending December 31, 2005 and 2004 are shown below:

	December 31, 2005	December 31, 2004
1. Net (Loss) Income, Rhode Island basis	\$ 166,751	\$ (1,116,908)
2. State Prescribed Practices (Income):	0	0
3. State Permitted Practices (Income):	0	0
Net (Loss) Income, NAIC SAP	\$ 166,751	\$ (1,116,908)
4. Statutory Surplus, Rhode Island basis	\$ 2,802,544	\$ 2,674,242
5. State Prescribed Practices (Surplus):	0	0
6. State Permitted Practices (Surplus):	0	0
Statutory Surplus, NAIC SAP	\$ 2,802,544	\$ 2,674,242

(B) Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(C) Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Short-term investments are stated at amortized cost.

Bonds not backed by other loans are stated at amortized cost using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair value.

Common stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

Redeemable preferred stocks are stated at amortized value. Perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.

Loan-backed bonds and structured securities are stated at either amortized cost or the lower of amortized cost or fair market value. The constant yield scientific method including anticipated prepayment assumptions is used to value all securities. Changes in current prepayment assumptions are accounted for using the prospective method.

The Company anticipates investment income as a factor in the premium deficiency calculation.

Loss and loss adjustment expense reserves are estimates that provide for the ultimate expected cost of settling unpaid losses and claims reported at each balance sheet date. Losses and claims incurred but not reported, as well as expenses required to settle losses and claims, are established on the basis of various criteria, including historical cost experience and anticipated costs of servicing reinsured and other risks. Considerable judgment is required to evaluate claims and establish estimated claim liabilities, particularly with respect to certain lines of business, such as reinsurance assumed, or certain types of claims, such as environmental and asbestos liabilities. The environmental and asbestos exposures do not lend themselves to traditional methods of loss development determination and, therefore, reserve estimates related to these exposures may be considerably less reliable than for other lines of business. The Company believes that overall reserving practices have been consistently applied, and that its aggregate net reserves have resulted in reasonable approximations of the ultimate net costs of claims incurred. These estimates are continually reviewed and adjusted as necessary; such adjustments are reflected in current operations. The Company's liability for unpaid loss and loss adjustment expense is presented net of amounts recoverable from reinsurers.

NOTES TO FINANCIAL STATEMENTS

The Company is a member of an affiliated group of companies which file a consolidated federal income tax return. Under the terms of an intercompany tax allocation agreement, the Company is allocated federal income taxes by applying the current regular federal tax rate to statutory results of operations modified by book versus tax adjustments. Alternative minimum taxes are allocated ratably to companies with taxable income.

Realized capital gains and losses on the sale of investments are determined on a specific identification method and are included in the determination of net income. Unrealized capital gains and losses resulting from changes in the valuation of investments at fair value are credited or charged directly to surplus.

The Company regularly evaluates investments based on current economic conditions, credit risk experience and other circumstances of the underlying securities. A decline in a security's net market value that is not a temporary fluctuation is recognized as a realized loss, and the cost basis of that security is reduced.

Premiums earned, loss and loss adjustment expenses incurred, unearned premiums, and the liability for losses and loss adjustment expenses are reflected net of reinsurance assumed from and ceded to other companies.

Land, building and equipment are carried at cost less accumulated depreciation and are reflected net of encumbrances. Depreciation is calculated on a straight-line basis over the allowable estimated useful lives of the assets.

The assets and liabilities of operations with foreign functional currencies are translated net into U.S. dollars at current exchange rates and the resulting adjustment recorded is reflected as a liability in the statutory financial statements. The resulting net translation adjustments for each period are included in surplus.

2. Accounting Changes and Corrections of Errors

- (A) Material changes in accounting principles and/or correction of errors.

None
- (B) The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Rhode Island. Effective January 1, 2001, the State of Rhode Island required that insurance companies domiciled in the State of Rhode Island prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – version effective January 1, 2001 subject to any deviations prescribed or permitted by the Rhode Island Insurance Department.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable – see Note to Financial Statements 21 (A).

5. Investments

- (A) Mortgage Loans

Not applicable
- (B) Troubled Debt Restructuring for Creditors

Not applicable
- (C) Reverse Mortgages

Not applicable
- (D) Loan-Backed Securities
 - (1) The Company has elected to use book value on January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date.
 - (2) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from pricing service providers, such as IDC, broker dealer survey values or internal estimates.
 - (3) The Company has no negative yield situations requiring a change from the retrospective to prospective method.
- (E) Repurchase Agreements

For repurchase agreements, Company policies require a minimum of 102% of the fair value of securities purchased under repurchase agreements to be maintained as collateral. There were no open repurchase agreements as of December 31, 2005.
- (F) Real Estate

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

- (A) Detail for Those Greater than 10% of Admitted Assets

Not applicable
- (B) Writedowns for Impairments

Not applicable

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

(A) Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due.

(B) Amounts Nonadmitted

None

8. Derivative Instruments

Not applicable

9. Income Taxes

(A) The components of the net deferred tax asset/(liability) at December 31 are as follows:

	December 31, 2005	December 31, 2004
Total of gross deferred tax assets	\$ 1,235,475	\$ 1,280,106
Total of deferred tax liabilities	<u>0</u>	<u>0</u>
Net deferred tax asset	1,235,475	1,280,106
Deferred tax asset nonadmitted	<u>(1,235,475)</u>	<u>(1,280,106)</u>
Net admitted deferred tax asset	\$ <u>0</u>	\$ <u>0</u>
(Increase) decrease in nonadmitted asset	\$ <u>44,631</u>	

(B) Deferred tax liabilities are not recognized for the following amounts:

Not applicable

(C) Current income taxes incurred consist of the following major components:

	December 31, 2005	December 31, 2004
Federal	\$ 0	\$ 0
Foreign	<u>0</u>	<u>0</u>
	0	0
Federal income tax on net capital gains	0	0
Utilization of capital loss carry-forwards	<u>0</u>	<u>0</u>
Federal and foreign income taxes incurred	\$ <u>0</u>	\$ <u>0</u>

The main components of the 2005 deferred tax amounts are as follows:

	December 31, 2005	December 31, 2004
Deferred tax assets:		
Non-admitted assets	\$ 16,258	\$ 11,612
Unearned premium reserves	5,013	63,302
Loss & LAE reserves	231,574	295,570
Deferred Compensation	106,053	140,485
Bonds	(21,257)	(22,104)
Fixed Assets	0	0
Deferred Gain	0	0
Charitable contribution carryforwards	941	931
Net operating loss carryforwards	870,692	753,978
AMT credit carryforwards	0	0
Allowance for accounts receivable	0	0
Accrued reinsurance expenses	1,785	4,080
Other	<u>24,417</u>	<u>32,252</u>
Total deferred tax assets	\$ 1,235,475	\$ 1,280,106
Nonadmitted deferred tax assets	<u>(1,235,475)</u>	<u>(1,280,106)</u>
Admitted deferred tax assets	\$ <u>0</u>	\$ <u>0</u>

Deferred tax liabilities:

Other	\$ 0	\$ 0
Dividends accrued	<u>0</u>	<u>0</u>
Total deferred tax liabilities	\$ <u>0</u>	\$ <u>0</u>
Net admitted deferred tax asset	\$ <u>0</u>	\$ <u>0</u>

The changes in main components of DTA's and DTL's are as follows:

	December 31 2005	December 31 2004	Change
Total deferred tax assets	\$ 1,235,475	\$ 1,280,106	\$ (44,631)
Total deferred tax liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net deferred tax asset/(liability)	1,235,475	\$ 1,280,106	\$ (44,631)
Tax effect of unrealized gains (losses)			0
Tax effect of change in minimum pension liability			<u>(8,426)</u>
Change in net deferred income tax			\$ <u>(53,057)</u>

NOTES TO FINANCIAL STATEMENTS

(D) Among the more significant book to tax adjustments were the following:

	December 31, 2005	Effective tax rate
Provision computed at statutory rate	\$ 56,695	34.0%
Tax effect of change in nonadmitted assets	(4,646)	-2.8%
Tax exempt interest	0	0.0%
Dividends received deduction	0	0.0%
Foreign tax provision	0	0.0%
Prior year true-up adjustment	857	0.5%
Other permanent items	156	0.1%
Other	0	-0.0%
	\$ 53,063	31.8%
Federal and foreign income tax incurred	0	0.0%
Change in net deferred income taxes	(53,057)	31.8%
Total statutory income taxes	\$ (53,057)	31.8%

(E) Operating loss and tax credit carryforwards

Year	NOL Carryforward	Expires Tax Year End
2005	\$ 327,000	12/31/25
2004	1,154,000	12/31/24
2003	870,000	12.31/23
2002	75,000	12/31/22
2001	0	12/31/21
2000	1,000	12/31/20
1999	1,000	12/31/19
1998	1,000	12/31/18
1997	0	12/31/16
1996	0	12/31/10
1995	0	12/31/09
1994	0	12/31/08
1993	105,000	12/31/07
1992	0	12/31/06
1991	28,000	12/31/05

There are currently no federal income taxes incurred that are available for recoupment in the event of future net losses.

(F) Consolidated Federal Income Tax Return

The Company's federal income tax return is consolidated with and includes the following entities:

PW Acquisition Company
Providence Washington Holdings, Inc.
PW Holdings, Inc.
Providence Washington Insurance Company
York Insurance Company
American Concept Insurance Company
Providence Washington Insurance Company of New York

The method of allocation among the companies is subject to written agreement. All Companies above are included in the written agreement. Allocation to the insurance subsidiaries is based upon applying the applicable federal income tax rate(s) to the statutory results of operations as reflected in the Statements of Income in the respective Annual Statements of the subsidiaries, adjusted for specific federal tax transactions. Allocation to non-insurance entities is based upon separate return calculations with current credit for net losses. Intercompany tax balances are requested to be settled within 30 days.

10. Information concerning Parent, Subsidiaries and Affiliates

- (A) All outstanding shares of the Company are owned or controlled by Providence Washington Insurance Company, domiciled in the State of Rhode Island with the ultimate controlling party being a Voting Trust as illustrated on page 105.
- (B) The Company did not pay any stockholder dividends.
- (C) There were no changes to the terms of intercompany arrangements.
- (D) As of December 31, 2005, the Company reported \$479,941 payable to Providence Washington Insurance Company.

All intercompany balances are required to be settled within 45 days.
- (E) The Company has no guarantees or undertakings for the benefit of affiliates, which result in material contingent exposure of the Company's or any affiliated insurer's assets or liabilities.
- (F) The Company has no management or service contracts or cost sharing agreement other than the tax sharing agreement described in Note 9.
- (G) All outstanding shares of the Company are owned or controlled by Providence Washington Insurance Company.
- (H) The Company has no amount deducted for investment in an upstream company.
- (I) The Company has no Investment in Affiliates.
- (J) Not Applicable

NOTES TO FINANCIAL STATEMENTS

11. Debt

(A) Capital Notes

None

(B) All Other Debts

None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

(A) Defined Benefit Plan and Postretirement Benefits

The Company, on behalf of employees of itself and employees of all subsidiaries, sponsors a defined benefit pension plan which covers substantially all employees and provides pension and death benefits. The funding policy is to accrue and pay an amount sufficient to fund the minimum amount that can be deducted for federal income tax purposes which considers the annual current service cost on an annual basis, the unfunded frozen initial liability over a 40 year period and additional liabilities arising from amendments over a 30 year period. In addition, the Company sponsors and has accrued for a noncontributory executive retirement benefit for a small number of former employees.

Effective April 1, 2004, the Company announced a freezing of its defined benefit pension plan. In addition, the Company simultaneously announced enhancements to its defined contributon employee savings plan. See section B of Notes to Financial Statements #12.

A summary of total assets, total obligations and assumptions of the Pension and Postretirement Benefit Plans are as follows at December 31, 2005 and 2004, respectively. The Company shares in the total Plan costs below, based on its 77% share of pooled expense.

	<u>Pension Benefits</u> <u>2005</u>	<u>Pension Benefits</u> <u>2004</u>
(1) Change in benefit obligation		
a. Benefit obligation at beginning of year	\$ 23,143,982	\$ 25,352,463
b. Service cost	14,805	452,468
c. Interest cost	1,291,122	1,339,247
d. Contribution by plan participants	-	-
e. Actuarial (gain) loss	710,959	(411,379)
f. Foreign currency exchange rate changes	-	-
g. Benefits paid	(1,304,130)	(1,394,923)
h. Plan amendments	-	(2,821,965)
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	-	628,071
j. Benefit obligation at end of year	\$ 23,856,738	\$ 23,143,982
(2) Change in plan assets		
a. Fair value of plan assets at beginning of year	\$ 16,403,550	\$ 14,127,580
b. Actual return on plan assets	1,254,332	1,853,645
c. Foreign currency exchange rate changes	-	-
d. Employer contribution	1,970,296	1,817,248
e. Plan participants' contributions	-	-
f. Benefits and expenses paid	(1,365,144)	(1,394,923)
g. Business combinations, divestitures and settlements	-	-
h. Fair value of plan assets at end of year	\$ 18,263,034	\$ 16,403,550
(3) Funded status	\$ (5,626,757)	\$ (6,740,432)
a. Unamortized prior service cost	-	-
b. Unrecognized net (gain) or loss	3,847,221	2,981,825
c. Remaining net obligation or net (asset) at initial date of application	(220,117)	(234,791)
d. Prepaid assets or (accrued) liabilities	(5,347,341)	(6,515,006)
e. Intangible asset	\$ 3,347,688	\$ 2,521,608
(4) Benefit obligation for non vested employees	\$ -	\$ -
(5) Components of net periodic benefit cost		
a. Service cost	\$ 14,805	\$ 452,468
b. Interest cost	1,291,122	1,339,247
c. Expected return on plan assets	1,512,022	1,267,220
d. Amortization of unrecognized transition obligation or transition asset	(14,674)	(14,674)
e. Amount of recognized (gains) and losses	164,267	108,078
f. Amount of prior service cost recognized	-	36,616
g. Amount of gain or loss recognized due to a settlement or curtailment	-	590,955
h. Total net periodic benefit cost	\$ (56,502)	\$ 1,245,470
(6) The amount included in unassigned funds (surplus) for the period arising from an increase in the additional minimum pension liability was a charge of \$16,356, net of deferred income tax.		

NOTES TO FINANCIAL STATEMENTS

(7)	Weighted-average assumptions as of December 31	2005	2004
a.	Discount rate	5.5%	5.75%
b.	Rate of compensation increase	N/A	N/A
c.	Expected long-term rate of return on plan assets	9.00%	9.00%

		<u>Postretirement Benefits</u>	<u>Postretirement Benefits</u>
		<u>2005</u>	<u>2004</u>
(1)	Change in benefit obligation		
a.	Benefit obligation at beginning of year	\$ -	\$ 150,000
b.	Service cost	-	-
c.	Interest cost	-	3,000
d.	Contribution by plan participants	-	-
e.	Actuarial (gain) loss	-	-
f.	Foreign currency exchange rate changes	-	-
g.	Benefits paid	-	(89,987)
h.	Plan amendments		
i.	Business combinations, divestitures, curtailments, settlements and special termination benefits	-	(63,013)
j.	Benefit obligation at end of year	\$ -	\$ -
(2)	Change in plan assets		
a.	Fair value of plan assets at beginning of year	\$ -	\$ -
b.	Actual return on plan assets	-	-
c.	Foreign currency exchange rate changes	-	-
d.	Employer contribution	-	89,987
e.	Plan participants' contributions	-	-
f.	Benefits paid	-	(89,987)
g.	Business combinations, divestitures and settlements	-	-
h.	Fair value of plan assets at end of year	\$ -	\$ -

		<u>Postretirement Benefits</u>	<u>Postretirement Benefits</u>
		<u>2005</u>	<u>2004</u>
(3)	Funded status	\$	\$
a.	Unamortized prior service cost	-	-
b.	Unrecognized net (gain) or loss	-	-
c.	Remaining net obligation or net (asset) at initial date of application	-	-
d.	Prepaid assets or (accrued) liabilities		
e.	Intangible asset	\$ -	\$ -
(4)	Benefit obligation for non vested employees	\$ -	\$ -
(5)	Components of net periodic benefit cost		
a.	Service cost	\$ -	\$ -
b.	Interest cost	-	3,000
c.	Expected return on plan assets	-	-
d.	Amortization of unrecognized transition obligation or transition asset		
e.	Amount of recognized (gains) and losses	-	-
f.	Amount of prior service cost recognized	-	-
g.	Amount of (gain) or loss recognized due to a settlement or curtailment	-	(63,013)
h.	Total net periodic benefit cost	\$ -	\$ (60,013)
(6)	Not applicable		
(7)	Weighted-average assumptions as of December 31		
a.	Discount rate	N/A	N/A
b.	Rate of compensation increase	N/A	N/A
c.	Expected long-term rate of return on plan assets	N/A	N/A
(8)	Due to plan termination, no additional trend rates are provided.		
(9)	Not applicable due to plan termination.		

(B) Defined Contribution Plan

The Company, on behalf of employees of itself and all subsidiaries, sponsors a contributory savings plan for which substantially all employees are eligible. Employees may deduct from 1.0% to 50.0% of their gross pay for contribution into the Plan's funds. The Company will match 50% of the employee's contribution on the first 6% of their gross pay. In addition to the Company match, the Company automatically contributes 3.0% of each employee's biweekly salary to the savings plan. The Company's contribution to the plan for 2005 and 2004 was \$377,000 and \$567,000, respectively. At December 31, 2005, the fair value of plan assets was \$12,792,000.

NOTES TO FINANCIAL STATEMENTS

- (C) Multiemployer Plans:
Not applicable
- (D) Consolidated/Holding Company Plans
See Note 12A
- (E) Postemployment Benefits and Compensated absences
The obligation for postemployment benefits or compensated absences has been accrued in accordance with SSAP No. 11. Postemployment Benefits and Compensated Absences.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (A) The Company has 500,000 shares of \$10.00 par value common stock authorized, 100,000 shares are issued and outstanding.
- (B) The Company has no preferred stock outstanding.
- (C) Dividends to common stockholders are paid as declared by the Board of Directors of the Company. The Company's dividends are subject to the regulation of the State of Rhode Island. The current regulation allows an annual dividend without prior approval that is limited to the lesser of net income, exclusive of realized gains, for the latest twelve month period ending December 31, next preceding, or 10% of policyholders surplus as of the 31st day of December next preceding. There were no stockholder dividends declared or paid for the years ended December 31, 2005 and 2004.
- (D) No restrictions have been placed on the Company's unassigned surplus.
- (E) The Company holds no stock for special purposes.
- (F) The balance of special surplus funds decreased by \$52,200 due to collections of ceded paid losses on a retroactive reinsurance treaty. Unassigned funds increased by a similar amount.
- (G) The Company has no surplus notes or similar obligations.
- (H) The Company underwent a change in ultimate ownership in 1998. With the change in ownership, the Company received approval from the Rhode Island Department of Business Regulation for a quasi-reorganization. As a result, the Company was allowed to re-set its negative unassigned surplus at September 30, 1998 to zero with a corresponding reduction to the additional paid-in capital account.

	Change in Surplus	Change in Unassigned Funds	Change in Gross Paid-in and Contributed Surplus
1998	-0-	320,692	(320,692)

- (I) The effective date of all quasi-reorganizations in the prior 10 years is October 23, 1998.

14. Contingencies

- (A) Contingent Commitments

As described in Note 27, the Company has purchased annuities that are directly payable to claimants but for which the Company may be contingently liable. The annuities have been used to reduce unpaid losses by \$21,106 and \$19,935 as of December 31, 2005 and 2004, respectively.
- (B) Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments equal to its pooled share (3%) of \$2,390,000. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.
- (C) Gain Contingencies

Not applicable
- (D) All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

The Company has accrued a loss contingency associated with its obligation to accept assigned risk policy assignments, occurring primarily in the state of New York. The Company has recorded its pooled share (3%) of \$175,000.

The Company has forecasted its cash needs and compared that with existing liquid assets plus those bonds scheduled to mature. The Company anticipates a cash shortfall will manifest itself in the latter part of 2006 and early 2007. Although the shortfall is not deemed to be significant, it may require the company to sell selected bonds before maturity. These bonds currently have unrealized losses of approximately \$30,188. The Company has elected to carry these bonds at fair value and recorded a nonadmitted asset equal to the unrealized loss as a charge to policyholders' surplus.

15. Leases

- (A) Lessee Leasing Arrangements

Not applicable

NOTES TO FINANCIAL STATEMENTS

(B) Lessor Leasing Arrangements

(1) Operating Leases

Not applicable

(2) Leveraged Leases

Not applicable

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

(A) Financial Instruments with Off-Balance Sheet Risk

Not applicable

(B) Financial Instruments with Concentrations of Credit Risk

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

(A) Transfers of Receivables Reported as Sales

Not applicable

(B) Transfers and Servicing of Financial Assets

Not applicable

(C) Wash Sales

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

(A) Administrative Services Only (ASO) Plans

Not applicable

(B) Administrative Services Contract (ASC) Plans

Not applicable

(C) Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

19. Direct Premiums Written by Managing General Agents / Third Party Administrators

Not applicable

20. September 11, 2001 – Events

1. As of December 31, 2005, the Company has recorded its pooled share (3%) of the 100% incurred gross losses of \$8.4 million and net losses of \$1.1 million, respectively. The major lines of business included commercial multi-peril property (\$7.1 million, gross and \$0.7 million, net) and workers compensation (\$1.1 million, gross and \$0.3 million, net).

The reinsurance recoverables of \$7.1 million are due from a large and highly solvent reinsurer, who has acknowledged its liability to the Company.

2. The Company believes it has recorded its ultimate gross and net liability associated with this event.

3. Not applicable

4. Not applicable

21. Other Items

(A) Extraordinary Items

On May 27, 2004, the Board of Directors with the concurrence of shareholders voted to place the Company into self-administered managed runoff status. These actions were taken in response to declines in financial strength ratings and the inability to raise capital. The Company prepared a runoff plan which called for the cessation of writing new and renewal business at the earliest possible date. The runoff plan also calls for the Company to maintain sufficient staffing to perform all required functions related to policyholder services, billing and collection, claims administration and financial reporting. The Company has made an assessment of expenses incurred that are associated with its decision to enter runoff status. The Company has recorded its pooled share (3%) of the total accrued expenses of \$4,400,000. The Company is providing periodic updates to its domiciliary regulators.

(B) Troubled Debt Restructuring for Debtors

Not applicable

(C) Other Disclosures

Assets in the amount of \$1,998,041 and \$1,996,681 at December 31, 2005 and 2004, respectively, were on deposit with government authorities or trustees as required by law.

(D) Uncollectible Premiums Receivable

At December 31, 2005 and 2004, the Company had admitted assets of \$58,312 and \$398,344 respectively in premiums receivable due from policyholders and agents. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, any uncollectible premiums receivable as of December 31, 2005 are not expected to exceed the nonadmitted amounts

NOTES TO FINANCIAL STATEMENTS

totaling \$17,630 and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

- (E) Business Interruption Insurance Recoveries
- Not applicable
- (F) Additional Disclosures for Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensation Absences.
- 1(a) See Note 12(A) (1), which represents the amount of accumulated benefit obligation for fully vested employees. All employees are fully vested.
- 1(b) Not applicable – there are no non-vested portions for any employees.
- 1(c) Not applicable – the Company terminated its other postretirement benefits plan December 31, 2003.
- 1(d) Pension Plan Assets – Pension Plan assets are invested in a broad based asset allocation fund, comprised primarily of high grade domestic fixed income securities and domestic equities. The Company utilizes a target allocation strategy, designed to create an asset mix that appreciates in value, as well as manages expenses and contributions. The target allocations and actual plan asset allocations for 2005 and 2004 are as follows:

	2005	2004	Target Levels	
Equity securities				
Domestic	50%	67%	35%	-70%
International	14	9 5	-20	
Total equity securities	64	76		
Fixed maturities	11	12	5	-25
Money market funds	25	12	10	-35
Total fixed maturities and money market funds	36	24		
Total assets	100%	100%		

- 1(e) The Company estimates that benefit payments over the next 5 years will be as follows (in thousands):

Qualified Pension Plan		Non-Qualified Pension Plan	
2006	\$1,063		\$ 202
2007	1,049	202	
2008	1,098	202	
2009	1,095	202	
2010	1,112	202	

The benefit payments are based on the same assumptions used to measure the Company's benefit obligations as of December 31, 2005.

- 1(f) Best estimate of contributons expected to be paid during next fiscal year is \$-0-.
- 2 Amount of employer contribution to multi employer plans equals \$-0-.

22. Events Subsequent

Not applicable

23. Reinsurance

- (A) Unsecured Reinsurance Recoverables

The Company has an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with its parent, Providence Washington Insurance Company, that exceeds 3% of the policyholders' surplus. The gross recoverable and offsetting assumed payable arises from the pooling arrangement described in Note 26 and the net effect can be referenced in Schedule Y, Part 2, column 13.

- (B) Reinsurance Recoverable in Dispute for the Year Ended December 31, 2005

The Company does not have reinsurance recoverable for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus for an individual reinsurer or 10% of policyholders' surplus in aggregate.

- (C) Reinsurance Assumed and Ceded

- (1) The following table summarizes ceded and assumed unearned premiums and the related equity at December 31, 2005.

	[- - - - - Assumed - - - - -]		[- - - - - Ceded - - - - -]		[- - - Assumed Less Ceded - - -]	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
Affiliates	\$ 71,638	\$ 33,847	\$ 1,563	\$ 191	\$ 70,075	\$ 33,656
All other	0	0	0	0	0	0
Total	\$ 71,638	\$ 33,847	\$ 1,563	\$ 191	\$ 70,075	\$ 33,656

Direct Unearned Premium Reserve \$1,563

- (2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

NOTES TO FINANCIAL STATEMENTS

REINSURANCE

Description	Direct	Assumed	Ceded	Net
Contingent commission	\$ 0	\$ 9,054	\$ 0	\$ 9,054
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	0	0	0
Total	\$ 0	\$ 9,054	\$ 0	\$ 9,054

(3) None

- (D) The Company has not written off any uncollectible reinsurance balances during the year.
- (E) The Company entered into several ceded reinsurance commutation agreements during 2005 with the following reinsurers:

Argonaut Insurance Company
Fireman's Fund Insurance Co.
Northwestern National Insurance Co.
San Francisco Re
Workers Compensation Reinsurance Bureau

The commutation with Northwestern National Insurance Company impacted underwriting results by \$33,951, which the Company recorded as losses incurred. The remaining commutations did not affect net underwriting results, because cash received equaled reserves and/or gross loss reserves were increased by amounts sufficient to render the transaction income statement neutral. The Company has recorded its pooled share (3%) of the \$33,951.

- (F) Retroactive Reinsurance
1.

	Reported Company	
	(1) Assumed	(2) Ceded
A. Reserves Transferred:		
1. Initial Reserves	\$ _____	\$ 385,000
2. Adjustments - Prior Year(s)	_____	215,000
3. Adjustments - Current Year	_____	_____
4. Total	\$ _____	\$ 600,000
B. Consideration Paid or Received:		
1. Initial	\$ _____	\$ 172,500
2. Adjustments - Prior Year(s)	_____	_____
3. Adjustments - Current Year	_____	_____
4. Total	\$ _____	\$ 172,500
C. Amounts Recovered/Paid (cumulative):		
1. Prior Year(s)	\$ _____	\$ 547,800
2. Current Year	_____	52,200
3. Total	\$ _____	\$ 600,000
D. Special Surplus from Retroactive Reinsurance:		
1. Initial	\$ _____	\$ 213,000
2. Adjustments - Prior Year(s)	_____	(160,800)
3. Adjustments - Current Year	_____	(52,200)
4. Closing Balance	\$ _____	\$ 0

- E. List the other insurers included in the above transactions:

Assumed		Ceded	
Company	Amount	Company	Amount
	\$ _____	Muchener Ruckversicherungs Gessellschaft	\$ 600,000
	_____		_____
	_____		_____
Total	\$ _____		

\$ 600,000*

* Total amounts must agree with totals in A.4.

In accordance with the changes associated with implementation of a new pooling agreement in 1995 we have modified the Exhibit of Retroactive Reinsurance. There has been no change in the total group's Retroactive Reinsurance arrangement with the ultimate assuming company. The Company, however, elected to redistribute the Retroactive Reinsurance Reserves Ceded and the Special Surplus From Retroactive Reinsurance Account in accordance with the new pooling participation percentages.

- (G) Reinsurance Accounted for as a Deposit

Not Applicable

- (H) On October 23, 1998, the Company entered into an Adverse Loss Development Reinsurance Agreement with Inter-Ocean Reinsurance Company retroactive to January 1, 1998. Under the terms of the Agreement, the Company will cede to the reinsurer 100% of the aggregate ultimate net losses for the 1997 and prior accident years in excess of \$226,116,000 (retention) to a maximum limit of \$26,000,000. The consideration paid for the Agreement was \$6,000,000 and that was funded by the Company's former ultimate parent as part of its sale agreement.

In accordance with regulatory requirements, listed below are the effects on the underwriting results of the Company as if the Agreement were being accounted for as retroactive reinsurance. The amounts represent the Company's 3% share under the Intercompany Pooling Arrangement.

NOTES TO FINANCIAL STATEMENTS

2005 Restatement Effects For Adverse Loss Development Agreement

Liabilities and Surplus

Unpaid Losses	\$ 530,473	Increase
Unpaid LAE	39,544	Increase
Retroactive Reinsurance Reserves Ceded	(570,017)	Increase
Aggregate Write-Ins for Special Surplus Funds	570,017	Increase
Unassigned Funds	(570,017)	Decrease

Statement of Income

Losses Incurred	\$ -0-
LAE Incurred	\$ -0-
Other Income	\$ -0-

All information supplements filed in compliance with these regulatory requirements are available to any party requesting such.

24. Retrospectively Rated Contracts

None

25. Change in Incurred Losses and Loss Adjustment Expenses

During 2005, the Company has recorded its pool percentage (3%) share of \$4.4 million of total pool strengthening on prior years' reserves. The majority of this strengthening relates to increases in the Appointed Actuary's estimates of ultimate liabilities for Commercial Multi-Peril and Workers' Compensation as well as additional funding for the Company's asbestos and environmental liabilities. This increase is the result of ongoing analysis of recent loss development trends and previous estimates of ultimate losses and LAE are increased or decreased as additional information becomes known.

The Company does not have a material amount of retrospectively rated policies and accordingly no adjustments were made to premiums. However, the Company does have several experience rated reinsurance agreements that caused the Company to accrue additional premiums and commissions payable.

26. Intercompany Pooling Arrangements

A new pooling arrangement was established effective January 1, 1995. The lead company is Providence Washington Insurance Company and participation percentages are:

<u>Company</u>	<u>NAIC Co. Code</u>	<u>Percentage</u>
Providence Washington Insurance Company	24295	77%
York Insurance Company	24325	12%
Providence Washington Insurance Company of New York	35726	8%
American Concept Insurance Company	31909	3%

All lines of business and all types of business are subject to the pooling agreement. Prior to calculating the pooled results by company, all cessions to non-affiliated reinsurers of business subject to pooling are recorded on the books of the lead company. All participants in the pooling agreement are parties to the reinsurance agreements with non-affiliated reinsurers. The pooled parties have assigned and transferred all non-affiliated reinsurance rights and obligations to the pool's lead company per the terms of the pooling agreement. The provision for reinsurance (Schedule F - Part 7) is recorded in full on the books of the lead company in conformance with all non-affiliated ceded reinsurance being recorded on the lead company's books. The write-off of uncollectible reinsurance is shared by pool members in accordance with pooling participation percentages.

27. Structured Settlements

(A) Reserves Released due to Purchase of Annuities

The Company has purchased annuities from life insurers under which the claimants are payees (see Note 14A). These annuities have been used to reduce unpaid losses by \$21,106 as of December 31, 2005. The Company has a contingent liability of \$21,106 should the issuers of these annuities fail to perform under the terms of the annuities.

(B) Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus

Not applicable

28. Health Care Receivables

Not Applicable

29. Participating Policies

Not applicable

30. Premium Deficiency Reserves

The Company has recorded its pooled share (3%) of premium deficiency reserves associated with its participation in the CAIP residual market/involuntary market mechanisms. The total (100%) premium deficiency reserve as of December 31, 2005 is \$3,218.

31. High Deductibles

As of December 31, 2005, the amount of reserve credit that has been recorded for high deductibles on unpaid claims was \$0.

As of December 31, 2005, the amount billed and recoverable for high deductibles on paid claims related to a business segment discontinued over seven years ago is immaterial. Over the last seven years, the Company has not issued policies with high deductible provisions.

NOTES TO FINANCIAL STATEMENTS

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company's liabilities for unpaid workers' compensation claims are discounted on a consolidated basis with affiliated companies and then pooled among the affiliated companies. The discounts shown below are the Company's pooled share. All discounting is done using a rate of 3.5%, as required by the State of Rhode Island.

Reserves for the indemnity portion of workers compensation claims other than for the WCRB and NCCI pools have been discounted on a tabular basis using NCCI tables at 3.5%. Indemnity reserves for the WCRB and NCCI pools have been discounted at a 3.5% rate according to the pools' estimates as provided to the Company. In total, the December 31, 2005 and December 31, 2004 liabilities include \$73,680 and \$88,140 of indemnity discount, respectively. The amount of discount for Case versus IBNR indemnity reserves at December 31, 2005 is as follows:

SCHEDULE P LINES OF BUSINESS	TABULAR DISCOUNT INCLUDED IN SCHEDULE P, PART 1	
	CASE	IBNR
Workers' Compensation	\$ 19,140	\$ 54,540
TOTAL	\$ 19,140	\$ 54,540

The Company does not discount any medical unpaid losses, nor does the Company discount on a non-tabular basis.

33. Asbestos/Environmental Reserves

The Company has exposure to environmental and asbestos claims. All such exposures from all affiliates are pooled together and then allocated back to the separate companies based on their participation percentages in the pooling arrangement. The Company's environmental and asbestos exposure arises from the Group's past sale of General Liability, Commercial Multi-Peril, and Commercial Automobile insurance as well as from past participation in Assumed Reinsurance Pools. Regarding the direct exposure, the Group estimates the full impact of the environmental and asbestos exposure by establishing full case-basis reserves on all known claims and by computing incurred but not reported losses based on historical experience. Please note that the Group has recently completed an in-depth claims study focused upon a more thorough identification of asbestos and environmental claims. As a result of that study, additional claims were identified that have not been included in prior footnote disclosures. Therefore, the footnote has been restated in its entirety.

As respects the environmental and asbestos liability arising from assumed reinsurance, the Group was a participant in a pool of approximately fifty assumed reinsurance treaties which were discontinued in 1987. One of these treaties involves a small share of the ECRA pool. The participation in each treaty, although small (ranging from one-half of one percent to four percent), varied substantially by year with not all treaties being in-force for all years. Prior asbestos and environmental footnote disclosures have not included contributions from this assumed reinsurance business segment. However, with the aid of our run-off management associates, this assumed reinsurance loss information is now available as of year-end 2003 and subsequent. Therefore, assumed reinsurance reserve and payment activity subsequent to this date are now included in this footnote disclosure.

The Company's pooled share of environmental and asbestos losses for the five most recent calendar years, shown separately on a direct, assumed and net basis, are as follows:

SITES ENVIRONMENTAL

	DIRECT				
	2001	2002	2003	2004	2005
Beginning O/S	162,581	133,451	108,793	141,899	217,260
Incurred	(28,770)	(24,148)	33,826	78,151	(19,710)
Paid	360	510	720	2,790	8,280
Ending O/S	133,451	108,793	141,899	217,260	189,270
			12/05 Direct IBNR		102,672
			12/05 Direct ALAE		47,328
			12/05 Total Direct Bulk		150,000

ASBESTOS

	DIRECT				
	2001	2002	2003	2004	2005
Beginning O/S	48,937	62,598	67,608	87,511	132,150
Incurred	29,260	33,301	42,913	74,159	59,160
Paid	15,600	28,290	23,010	29,520	24,690
Ending O/S	62,598	67,608	87,511	132,150	166,620
			12/05 Direct IBNR		65,253
			12/05 Direct ALAE		47,247
			12/05 Total Direct Bulk		112,500

SITES ENVIRONMENTAL

	ASSUMED				
	2001	2002	2003	2004	2005
Beginning O/S	-	-	-	148,498	125,736
Incurred	-	-	148,498	(11,147)	(34,436)
Paid	-	-	-	11,614	10,635
Ending O/S	-	-	148,498	125,736	80,665
			12/05 Assumed IBNR		66,990
			12/05 Assumed ALAE		-
			12/05 Total Assumed Bulk		66,990

NOTES TO FINANCIAL STATEMENTS

<u>ASBESTOS</u>		<u>ASSUMED</u>			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Beginning O/S	-	-	-	378,909	370,209
Incurred	-	-	378,909	28,695	(25,220)
Paid	-	-	-	37,394	20,046
Ending O/S	-	-	378,909	370,209	324,944
			12/05 Assumed IBNR		272,190
			12/05 Assumed ALAE		-
			12/05 Total Assumed Bulk		<u>272,190</u>

<u>SITES ENVIRONMENTAL</u>		<u>NET</u>			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Beginning O/S	104,694	83,455	68,291	217,917	278,466
Incurred	(6,419)	(14,924)	150,046	72,884	(115,526)
Paid	14,820	240	420	12,334	11,595
Ending O/S	83,455	68,291	217,917	278,466	151,345
			12/05 Net IBNR		119,857
			12/05 Net ALAE		<u>7,133</u>
			12/05 Total Net Bulk		126,990

<u>ASBESTOS</u>		<u>NET</u>			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Beginning O/S	33,936	36,095	29,389	424,180	442,359
Incurred	7,499	(2,536)	403,131	82,063	16,510
Paid	5,340	4,170	8,340	63,884	27,366
Ending O/S	36,095	29,389	424,180	442,359	431,504
			12/05 Net IBNR		329,354
			12/05 Net ALAE		<u>15,586</u>
			12/05 Total Net Bulk		344,940

34. Subscriber Savings Account

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	1,998,041	20.900	1,998,041	20.900
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	998,730	10.447	998,730	10.447
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	663,078	6.936	663,078	6.936
1.512 Issued or guaranteed by FNMA and FHLMC	17,372	0.182	17,372	0.182
1.513 All other	761,639	7.967	761,639	7.967
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	3,756,956	39.299	3,756,956	39.299
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (including \$of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	1,364,151	14.269	1,364,151	14.269
9. Other invested assets		0.000		0.000
10. Total invested assets	9,559,966	100.000	9,559,966	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?

Rhode Island
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/28/2004
- 3.4

By what department or departments? Rhode Island
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes [] No [X]

4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes [] No [X]

4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PricewaterhouseCoopers LLP, 125 High Street, Boston, MA 02110
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Patricia A. Teufel, Consulting Actuary, KPMG LLP, One Financial Plaza, Hartford, CT 06103-4103
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
14.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$

16.12

To stockholders not officers

\$

16.13

Trustees, supreme or grand (Fraternal only)

\$
- 16.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$

16.22

To stockholders not officers

\$

16.23

Trustees, supreme or grand (Fraternal only)

\$
- 17.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$

17.22

Borrowed from others

\$

17.23

Leased from others

\$

17.24

Other

\$
- 18.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 18.2

If answer is yes,

18.21

Amount paid as losses or risk adjustment

\$

18.22

Amount paid as expenses

\$

18.23

Other amounts paid

\$
- 19.1

Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 19.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$

GENERAL INTERROGATORIES
INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []

20.2 If no, give full and complete information relating thereto:

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$.....

21.22

Subject to repurchase agreements

\$.....

21.23

Subject to reverse repurchase agreements

\$.....

21.24

Subject to dollar repurchase agreements

\$.....

21.25

Subject to reverse dollar repurchase agreements

\$.....

21.26

Pledged as collateral

\$.....

21.27

Placed under option agreements

\$.....

21.28

Letter stock or other securities restricted as to sale ...

\$.....

21.29

Other

\$.....

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA []
If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year. \$.....

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
State Street Bank & Trust.....	801 Pennsylvania Ave, Kansas City, MO 64105

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....
.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [] No [X]

24.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
107423.....	Conning Asset Management.....	One Financial Plaza, Hartford, CT 06103.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [] No [X]

25.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
25.2999 TOTAL		0

25.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	9,590,154	9,479,595	(110,559)
26.2 Preferred stocks.....	0		0
26.3 Totals	9,590,154	9,479,595	(110,559)

26.4 Describe the sources or methods utilized in determining fair values:
Fair Values are determined from a variety of sources including the Securities Valuation Office, pricing service providers, such as IDC or broker dealers, such as Bloomberg.....

27.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

29.1 Amount of payments for legal expenses, if any?.....\$

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only \$

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$0

1.62 Total incurred claims \$0

1.63 Number of covered lives \$0

All years prior to most current three years:

1.64 Total premium earned \$0

1.65 Total incurred claims \$0

1.66 Number of covered lives \$0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$0

1.72 Total incurred claims \$0

1.73 Number of covered lives \$0

All years prior to most current three years:

1.74 Total premium earned \$0

1.75 Total incurred claims \$0

1.76 Number of covered lives \$0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$848,293	\$	.....3,770,273
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$0	\$	.....0
2.5	Reserve Denominator	\$5,966,422	\$	.....8,296,215
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies..... \$

3.22 Non-participating policies..... \$

4. For Mutual Reporting Entities and Reciprocal Exchanges Only:

4.1 Does the reporting entity issue assessable policies?..... Yes [] No []

4.2 Does the reporting entity issue non-assessable policies?..... Yes [] No []

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums?..... \$

5. For Reciprocal Exchanges Only:

5.1 Does the Exchange appoint local agents?..... Yes [] No []

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation..... Yes [] No [] NA []

5.22 As a direct expense of the Exchange..... Yes [] No [] NA []

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

.....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?..... Yes [] No []

5.5 If yes, give full information

.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?.....
Reinsurance was purchased in the amount \$19,000,000 excess of \$1,000,000 for dates of loss January 1, 2005 through December 31, 2005.....

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
AIR Classic/2 Version 7.0 was used. The major exposure is Long Island, New York and coastal Rhode Island.....

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
Catastrophe reinsurance was purchased for 90% of \$2.5 million excess of \$2.5 million and 95% of \$35 million excess of \$5 million.....

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?.....

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.
.....

7.1

Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)?.....

7.2

If yes, indicate the number of reinsurance contracts containing such provisions:

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?.....

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?.....

8.2

If yes, give full information
.....

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) An unconditional or unilateral right by either party to commute the reinsurance contract, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.....

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions under approved pooling agreements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.
Do not include cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member.

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
.....

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?
.....

11.1

Has this reporting entity guaranteed policies issued by any other entity and now in force?.....

11.2

If yes, give full information
.....

Yes

[X]

No

[]

Yes

[]

No

[X]

Yes

[]

No

[]

Yes

[]

No

[X]

Yes

[]

No

[X]

Yes

[]

No

[X]

Yes

[X]

No

[]

NA

[]

Yes

[]

No

[X]

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

Of the amount on Line 13.3, Page 2, state the amount which is secured by letters of credit, collateral and other funds

\$

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes

☐

]

No

☒

]

NA

☐

]

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41

From

%

12.42

To

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes

☐

]

No

☐

]

X

☒

]

12.6

If yes, state the amount thereof at December 31 of the current year:

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

What amount of installment notes is owned and now held by the reporting entity?

\$

13.2

Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?

Yes

☐

]

No

☐

]

X

☒

]

13.3

If yes, what amount?

\$

14.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$

30,000

14.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes

☐

]

No

☐

]

X

☒

]

14.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.

2

15.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes

☐

]

X

☒

]

No

☐

]

15.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:
See notes to Financial Statements-Note 26

15.3

If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes

☐

]

No

☐

]

X

☒

]

15.4

If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in writer agreements?

Yes

☐

]

X

☒

]

No

☐

]

15.5

If answer to 15.4 is no, please explain:

16.1

Has the reporting entity guaranteed any financed premium accounts?

Yes

☐

]

No

☐

]

X

☒

]

16.2

If yes, give full information

17.1

Does the reporting entity write any warranty business?

Yes

☐

]

No

☐

]

X

☒

]

If yes, disclose the following information for each of the following types of warranty coverage:

	1		2		3		4		5
	Direct Losses		Direct Losses		Direct Written		Direct Premium		Direct Premium
	Incurred		Unpaid		Premium		Unearned		Earned
17.11 Home	\$		\$		\$		\$		\$
17.12 Products	\$		\$		\$		\$		\$
17.13 Automobile	\$		\$		\$		\$		\$
17.14 Other*	\$		\$		\$		\$		\$

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5? Yes [] No [X]

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

- 18.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 \$.....
- 18.12 Unfunded portion of Interrogatory 18.11..... \$.....
- 18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11 \$.....
- 18.14 Case reverses portion of Interrogatory 18.11..... \$.....
- 18.15 Incurred but not reported portion of Interrogatory 18.11..... \$.....
- 18.16 Unearned premium portion of Interrogatory 18.11..... \$.....
- 18.17 Contingent commissions portion of Interrogatory 18.11..... \$.....

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

- 18.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 \$.....
- 18.19 Unfunded portion of Interrogatory 18.18..... \$.....
- 18.20 Paid losses and loss adjustment expenses portion of Interrogatory 18.18 \$.....
- 18.21 Case reverses portion of Interrogatory 18.18..... \$.....
- 18.22 Incurred but not reported portion of Interrogatory 18.18..... \$.....
- 18.23 Unearned premium portion of Interrogatory 18.18..... \$.....
- 18.24 Contingent commissions portion of Interrogatory 18.18..... \$.....

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2005	2 2004	3 2003	4 2002	5 2001
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	8,906	2,134,366	3,840,750	4,233,713	5,742,611
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,915	1,181,266	2,021,758	2,145,161	3,221,231
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	(131,085)	1,933,663	3,258,428	3,230,395	3,711,948
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	(24,781)	2,577	24,527	110	1,197
5. Non-proportional reinsurance lines (Lines 30, 31 & 32)	1,697	1,385	(885)	1,510	1,370
6. Total (Line 34)	(141,349)	5,253,256	9,144,579	9,610,889	12,678,357
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	28,538	1,013,005	1,914,429	2,312,020	2,884,666
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	22,856	399,154	659,622	750,164	988,289
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	(24,206)	1,060,550	1,847,188	1,769,118	1,869,600
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	(24,781)	2,577	24,527	110	1,197
11. Non-proportional reinsurance lines (Lines 30, 31 & 32)	1,697	1,385	(885)	1,510	1,370
12. Total (Line 34)	4,103	2,476,671	4,444,882	4,832,922	5,745,122
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8)	(260,532)	(1,621,952)	(1,708,963)	(906,640)	(361,702)
14. Net investment gain (Loss) (Line 11)	429,459	505,976	718,117	792,059	737,181
15. Total other income (Line 15)	(2,177)	(2,292)	(11,539)	(105,515)	(22,293)
16. Dividends to policyholders (Line 17)	0	(1,359)	18,082	10,329	8,328
17. Federal and foreign income taxes incurred (Line 19)	0	0	0	(33,642)	133,346
18. Net income (Line 20)	166,751	(1,116,908)	(1,020,467)	(196,783)	211,512
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	9,666,582	11,997,212	13,634,177	13,943,893	14,023,091
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	45,225	161,023	305,754	309,470	329,568
20.2 Deferred and not yet due (Line 13.2)	13,087	237,321	882,328	1,044,130	1,514,327
20.3 Accrued retrospective premiums (Line 13.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	6,864,037	9,322,970	9,869,512	8,866,000	8,698,633
22. Losses (Page 3, Lines 1 and 2)	4,653,741	5,866,373	5,771,857	5,441,601	5,013,235
23. Loss adjustment expenses (Page 3, Line 3)	1,241,044	1,513,644	1,442,813	1,232,733	885,845
24. Unearned premiums (Page 3, Line 9)	71,638	916,199	2,218,674	1,868,540	2,503,819
25. Capital paid up (Page 3, Lines 28 & 29)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	2,802,544	2,674,242	3,764,665	5,077,892	5,324,458
Risk-Based Capital Analysis					
27. Total adjusted capital	2,802,544	2,674,242	3,764,665	4,964,793	5,207,902
28. Authorized control level risk-based capital	509,423	739,647	709,979	646,740	608,661
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	85.7	97.8	92.3	95.3	96.8
30. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
31. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash, cash equivalents and short-term investments (Line 5)	14.3	2.2	7.7	4.7	3.2
34. Contract loans (Line 6)	0.0	0.0	0.0	XXX	XXX
35. Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Receivables for securities (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
40. Affiliated preferred stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
41. Affiliated common stocks (Schedule D, Summary, Line 53, Col. 2)	0	0	0	0	0
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
43. Affiliated mortgage loans on real estate	0	0	0	0	0
44. All other affiliated	0	0	0	0	0
45. Total of above Lines 39 to 44	0	0	0	0	0
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0	0.0	0.0	0.0	0.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2005	2 2004	3 2003	4 2002	5 2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (Losses) (Line 24)	0	0	0	0	0
48. Dividends to stockholders (Line 35)	0	0	0	0	0
49. Change in surplus as regards policyholders for the year (Line 38)	128,303	(1,090,424)	(1,313,227)	(246,565)	.602,468
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,352,472	2,408,753	3,004,085	3,188,951	3,844,827
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	128,519	.546,314	.920,059	1,459,651	1,890,984
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	.855,734	1,739,467	1,796,338	1,898,488	2,439,436
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	.50,242	.49,994	.26,625	.39,904	(.3,702)
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	156,557	51,942	52,918	60,836	75,432
55. Total (Line 34)	2,543,525	4,796,469	5,800,025	6,647,830	8,246,978
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	.849,909	1,561,213	1,719,993	1,783,924	1,926,355
57. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	.66,655	.192,125	.244,787	.403,052	.642,942
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	.730,117	1,111,383	.721,696	.783,871	1,085,789
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	.50,242	.49,994	.26,625	.39,904	(.3,702)
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	156,557	51,942	52,918	60,836	75,432
61. Total (Line 34)	1,853,480	2,966,657	2,766,019	3,071,587	3,726,817
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2) .....	.75.5	.81.2	.76.2	.64.3	.64.2
64. Loss expenses incurred (Line 3) .....	.33.0	.23.4	.24.4	.21.1	.13.9
65. Other underwriting expenses incurred (Line 4) .....	.25.1	.37.8	.41.5	.31.2	.27.6
66. Net underwriting gain (loss) (Line 8)	(.30.7)	(.43.0)	(.42.1)	(.16.6)	(.5.8)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0) .....	.4,630.2	.58.6	.38.2	.37.4	.30.6
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	.108.6	.104.6	.100.6	.85.4	.78.1
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0) .....	.0.1	.92.6	.118.1	.95.2	.107.9
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11) .....	.132	.930	.1,387	.1,236	.628
71. Percent of development of loss and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	.4.9	.24.7	.27.3	.23.2	.13.3
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....	.1,155	.2,105	.2,420	.1,662	.687
73. Percent of development of loss and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	.30.7	.41.5	.45.5	.35.2	.15.2

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	3,659,849	3,634,704	3,657,193	3,651,696
	2. Canada				
	3. Other Countries				
	4. Totals	3,659,849	3,634,704	3,657,193	3,651,696
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	17,372	17,892	17,448	17,313
	14. Canada				
	15. Other Countries				
	16. Totals	17,372	17,892	17,448	17,313
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	4,548,783	4,462,847	4,580,724	4,518,674
	22. Canada				
	23. Other Countries				
	24. Totals	4,548,783	4,462,847	4,580,724	4,518,674
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	8,226,004	8,115,443	8,255,365	8,187,683
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	8,226,004	8,115,443	8,255,365	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	11,284,542	7. Amortization of premium.....	26,174
2. Cost of bonds and stocks acquired, Column 7, Part 3	0	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	6,549	8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4	0	9. Book/adjusted carrying value at end of current period	8,226,003
5. Total gain (loss), Col. 19, Part 4	26,179	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	8,226,003
Column 7, Part 4	3,065,093	12. Total nonadmitted amounts	30,188
		13. Statement value of bonds and stocks, current period	8,195,815

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	583	610	42	26	2	0	12	(10)	XXX
2. 1996	6,993	2,290	4,703	4,336	1,415	563	140	305	0	146	3,648	XXX
3. 1997	6,354	1,760	4,594	4,284	1,319	559	137	314	0	136	3,700	XXX
4. 1998	5,443	944	4,500	3,470	720	369	69	381	0	128	3,431	XXX
5. 1999	4,943	437	4,506	3,188	307	357	28	358	0	140	3,568	XXX
6. 2000	5,706	404	5,303	4,085	432	391	40	412	0	174	4,415	XXX
7. 2001	6,910	620	6,290	4,321	611	361	25	438	0	195	4,484	XXX
8. 2002	6,867	1,420	5,447	2,927	597	230	59	441	0	137	2,942	XXX
9. 2003	5,465	1,403	4,062	2,187	505	113	51	391	0	81	2,134	XXX
10. 2004	4,396	626	3,770	1,178	54	50	2	321	0	56	1,492	XXX
11. 2005	977	129	848	301	23	6	0	72	0	6	355	XXX
12. Totals	XXX	XXX	XXX	30,860	6,594	3,040	580	3,435	0	1,210	30,161	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	1,126	488	1,079	427	0	0	190	130	5	0	34	1,355	xxx
2.	34	21	42	33	0	0	12	9	6	0	3	30	xxx
3.	51	58	45	37	0	0	18	15	7	0	5	12	xxx
4.	107	37	52	37	0	0	22	7	7	0	6	106	xxx
5.	82	7	76	44	0	0	39	8	13	0	9	150	xxx
6.	217	37	163	94	0	0	78	17	20	0	18	330	xxx
7.	485	229	294	157	0	0	118	19	47	1	28	538	xxx
8.	647	44	350	198	0	0	191	26	81	1	40	999	xxx
9.	471	61	429	229	0	0	208	25	84	2	46	875	xxx
10.	488	26	592	178	0	0	197	16	95	2	50	1,150	xxx
11.	147	12	240	108	0	0	43	7	47	1	33	349	xxx
12. Totals	3,854	1,019	3,362	1,543	0	0	1,117	280	411	7	272	5,895	xxx

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,289	65
2.	5,297	1,619	3,678	75.7	70.7	78.2	0	0	3.0	21	9
3.	5,278	1,566	3,712	83.1	89.0	80.8	0	0	3.0	2	10
4.	4,408	871	3,537	81.0	92.3	78.6	0	0	3.0	85	21
5.	4,113	395	3,719	83.2	90.4	82.5	0	0	3.0	106	44
6.	5,367	622	4,746	94.1	154.0	89.5	0	0	3.0	249	81
7.	6,064	1,042	5,022	87.8	168.1	79.8	0	0	3.0	393	145
8.	4,866	925	3,941	70.9	65.2	72.3	0	0	3.0	755	244
9.	3,883	873	3,010	71.1	62.2	74.1	0	0	3.0	610	266
10.	2,920	278	2,642	66.4	44.4	70.1	0	0	3.0	876	274
11.	856	151	704	87.6	117.6	83.0	0	0	3.0	267	81
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	4,654	1,241

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	One Year	Two Year
1. Prior	4,976	5,236	5,277	5,295	5,308	5,352	5,495	5,614	5,995	6,192	197	578
2. 1996	3,281	3,301	3,353	3,286	3,273	3,328	3,356	3,370	3,367	3,369	1	(2)
3. 1997	XXX	3,069	3,053	3,069	3,036	3,218	3,335	3,397	3,418	3,393	(24)	(4)
4. 1998	XXX	XXX	2,718	2,810	2,885	2,943	3,068	3,145	3,165	3,151	(14)	6
5. 1999	XXX	XXX	XXX	2,736	2,915	3,043	3,259	3,434	3,375	3,350	(25)	(84)
6. 2000	XXX	XXX	XXX	XXX	3,357	3,519	3,923	4,311	4,369	4,317	(52)	6
7. 2001	XXX	XXX	XXX	XXX	XXX	3,835	4,037	4,386	4,584	4,545	(39)	159
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	2,992	3,195	3,299	3,427	128	232
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,277	2,488	2,541	53	264
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,326	2,232	(94)	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	587	XXX	XXX
12. Totals											132	1,155

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior	000	1,509	2,497	3,246	3,800	4,181	4,458	4,656	4,814	4,802	XXX	XXX
2. 1996	1,355	2,212	2,603	2,866	3,082	3,236	3,293	3,326	3,333	3,343	XXX	XXX
3. 1997	XXX	1,266	2,024	2,441	2,769	3,034	3,213	3,307	3,379	3,387	XXX	XXX
4. 1998	XXX	XXX	1,172	1,928	2,281	2,647	2,757	2,925	3,008	3,050	XXX	XXX
5. 1999	XXX	XXX	XXX	1,312	2,033	2,440	2,789	2,990	3,166	3,210	XXX	XXX
6. 2000	XXX	XXX	XXX	XXX	1,428	2,401	2,964	3,483	3,827	4,003	XXX	XXX
7. 2001	XXX	XXX	XXX	XXX	XXX	1,594	2,524	3,094	3,722	4,046	XXX	XXX
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	964	1,656	2,095	2,501	XXX	XXX
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	615	1,295	1,743	XXX	XXX
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	762	1,172	XXX	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	283	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	1,977	1,348	1,094	891	570	585	539	479	628	751
2. 1996	1,064	464	281	113	47	27	18	14	16	13
3. 1997	XXX	905	380	194	57	39	44	29	(4)	13
4. 1998	XXX	XXX	779	353	152	21	106	85	43	30
5. 1999	XXX	XXX	XXX	643	349	110	114	182	84	64
6. 2000	XXX	XXX	XXX	XXX	893	337	228	345	182	132
7. 2001	XXX	XXX	XXX	XXX	XXX	1,164	532	463	283	238
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	1,067	773	368	320
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	851	473	385
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	909	596
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	168

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories									
States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL No.	.0	.0	.0	.0	.0	.0	.0	
2. Alaska	AK No.	.0	.0	.0	.0	.0	.0	.0	
3. Arizona	AZ Yes.	.0	.0	.0	.0	.0	.0	.0	
4. Arkansas	AR No.	.0	.0	.0	.0	.0	.0	.0	
5. California	CA No.	.0	.0	.0	.0	.0	.0	.0	
6. Colorado	CO No.	.0	.0	.0	.0	.0	.0	.0	
7. Connecticut	CT No.	.0	.0	.0	.0	.0	.0	.0	
8. Delaware	DE No.	.0	.0	.0	.0	.0	.0	.0	
9. District of Columbia	DC No.	.0	.0	.0	.0	.0	.0	.0	
10. Florida	FL No.	.0	.0	.0	.0	.0	.0	.0	
11. Georgia	GA No.	.0	.0	.0	.0	.0	.0	.0	
12. Hawaii	HI No.	.0	.0	.0	.0	.0	.0	.0	
13. Idaho	ID Yes.	2,784	94,606	.0	145,564	(157,805)	99,049	656	
14. Illinois	IL No.	.0	.0	.0	.0	.0	.0	.0	
15. Indiana	IN No.	.0	.0	.0	.0	.0	.0	.0	
16. Iowa	IA Yes.	.0	.0	.0	.0	.0	.0	.0	
17. Kansas	KS No.	.0	.0	.0	.0	.0	.0	.0	
18. Kentucky	KY No.	.0	.0	.0	.0	.0	.0	.0	
19. Louisiana	LA No.	.0	.0	.0	.0	.0	.0	.0	
20. Maine	ME No.	.0	.0	.0	.0	.0	.0	.0	
21. Maryland	MD No.	.0	.0	.0	.0	.0	.0	.0	
22. Massachusetts	MA No.	.0	.0	.0	.0	.0	.0	.0	
23. Michigan	MI No.	.0	.0	.0	.0	.0	.0	.0	
24. Minnesota	MN No.	.0	.0	.0	.0	.0	.0	.0	
25. Mississippi	MS No.	.0	.0	.0	.0	.0	.0	.0	
26. Missouri	MO No.	.0	.0	.0	.0	.0	.0	.0	
27. Montana	MT No.	.0	.0	.0	.0	.0	.0	.0	
28. Nebraska	NE Yes.	.0	.0	.0	.0	.0	.0	.0	
29. Nevada	NV No.	.0	.0	.0	.0	.0	.0	.0	
30. New Hampshire	NH No.	.0	.0	.0	.0	.0	.0	.0	
31. New Jersey	NJ No.	.0	.0	.0	.0	.0	.0	.0	
32. New Mexico	NM No.	.0	.0	.0	.0	.0	.0	.0	
33. New York	NY No.	.0	.0	.0	.0	.0	.0	.0	
34. North Carolina	NC No.	.0	.0	.0	.0	.0	.0	.0	
35. North Dakota	ND Yes.	.0	.0	.0	4,877	41,388	106,012	.0	
36. Ohio	OH No.	.0	.0	.0	.0	.0	.0	.0	
37. Oklahoma	OK No.	.0	.0	.0	.0	.0	.0	.0	
38. Oregon	OR Yes.	.0	.0	.0	.0	.0	.0	.0	
39. Pennsylvania	PA No.	.0	.0	.0	.0	.0	.0	.0	
40. Rhode Island	RI Yes.	.0	.0	.0	.0	.0	.0	.0	
41. South Carolina	SC No.	.0	.0	.0	.0	.0	.0	.0	
42. South Dakota	SD Yes.	.0	.0	.0	.0	747	3,414	.0	
43. Tennessee	TN No.	.0	.0	.0	.0	.0	.0	.0	
44. Texas	TX No.	.0	.0	.0	.0	.0	.0	.0	
45. Utah	UT No.	(148,236)	308,258	.0	539,603	(448,904)	303,601	1,192	
46. Vermont	VT No.	.0	.0	.0	.0	.0	.0	.0	
47. Virginia	VA No.	.0	.0	.0	.0	.0	.0	.0	
48. Washington	WA No.	.0	.0	.0	.0	.0	.0	.0	
49. West Virginia	WV No.	.0	.0	.0	.0	.0	.0	.0	
50. Wisconsin	WI No.	.0	.0	.0	.0	.0	.0	.0	
51. Wyoming	WY No.	.0	.0	.0	.0	.0	.0	.0	
52. American Samoa	AS No.	.0	.0	.0	.0	.0	.0	.0	
53. Guam	GU No.	.0	.0	.0	.0	.0	.0	.0	
54. Puerto Rico	PR No.	.0	.0	.0	.0	.0	.0	.0	
55. U.S. Virgin Islands	VI No.	.0	.0	.0	.0	.0	.0	.0	
56. Canada	CN No.	.0	.0	.0	.0	.0	.0	.0	
57. Aggregate Other Aliens	OT XXX	.0	.0	.0	.0	.0	.0	.0	.0
58. Totals	(a) 8	(145,452)	402,864	0	690,044	(564,575)	512,076	1,848	0
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

Explanation of basis of allocation of premiums by states, etc.

ALL LINES EXCEPT OCEAN MARINE, AUTO, FIDELITY AND SURETY-LOCATION OF PROPERTY INSURED. OCEAN MARINE-CARGO WHERE CONTRACT OF INSURANCE WAS PLACED. YACHT- LOCATION OF PRINCIPAL DOCK; AUTO-LOCATION OF PRINCIPAL GARAGE. FIDELTY-LOCATION OF INSURED, FRAUD & FORGERY PROTECTION BONDS-LOCATION OF OBLIGER-LICENSE BONDS-LOCATION OF WORK; ALL CONSTRUCTION BONDS-LOCATION OF CONTRACTOR-ALL SUPPLY BONDS-LOCATION OF PRINCIPAL-ALL OTHER BONDS;POOLS OR ASSOCATION-ADHERE TO ALLOCATION ON BUSINESS REPORTED TO US BY THEM.

SCHEDULE T – PART 2
INTERSTATE COMPACT PRODUCTS – EXHIBIT OF PREMIUMS WRITTEN

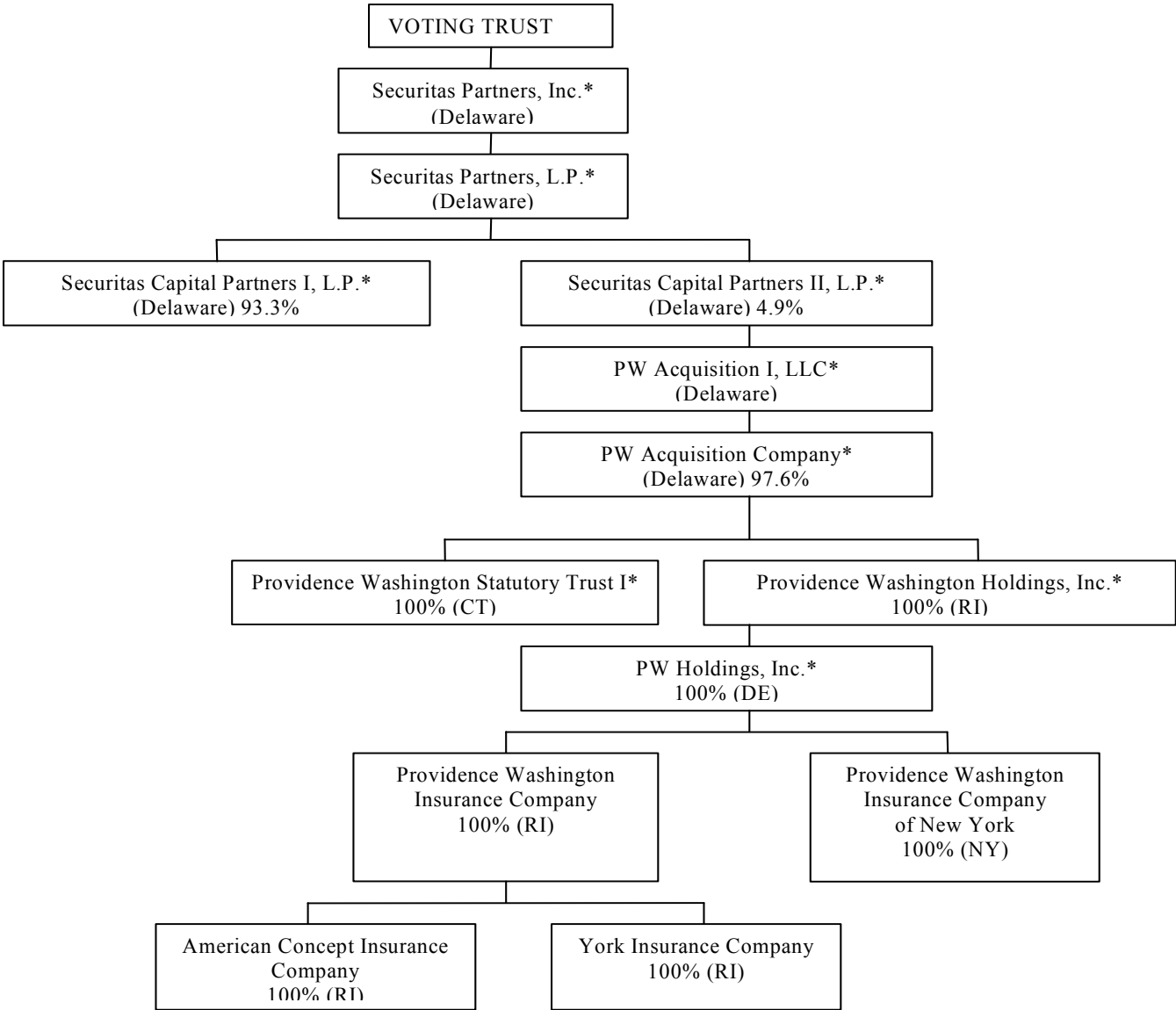
Allocated by States and Territories

		Direct Business Only					
		1	2	3	4	5	6
States, Etc.		Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
1. Alabama	AL						0
2. Alaska	AK						0
3. Arizona	AZ						0
4. Arkansas	AR						0
5. California	CA						0
6. Colorado	CO						0
7. Connecticut	CT						0
8. Delaware	DE						0
9. District of Columbia	DC						0
10. Florida	FL						0
11. Georgia	GA						0
12. Hawaii	HI						0
13. Idaho	ID						0
14. Illinois	IL						0
15. Indiana	IN						0
16. Iowa	IA						0
17. Kansas	KS						0
18. Kentucky	KY						0
19. Louisiana	LA						0
20. Maine	ME						0
21. Maryland	MD						0
22. Massachusetts	MA						0
23. Michigan	MI						0
24. Minnesota	MN						0
25. Mississippi	MS						0
26. Missouri	MO						0
27. Montana	MT						0
28. Nebraska	NE						0
29. Nevada	NV						0
30. New Hampshire	NH						0
31. New Jersey	NJ						0
32. New Mexico	NM						0
33. New York	NY						0
34. North Carolina	NC						0
35. North Dakota	ND						0
36. Ohio	OH						0
37. Oklahoma	OK						0
38. Oregon	OR						0
39. Pennsylvania	PA						0
40. Rhode Island	RI						0
41. South Carolina	SC						0
42. South Dakota	SD						0
43. Tennessee	TN						0
44. Texas	TX						0
45. Utah	UT						0
46. Vermont	VT						0
47. Virginia	VA						0
48. Washington	WA						0
49. West Virginia	WV						0
50. Wisconsin	WI						0
51. Wyoming	WY						0
52. American Samoa	AS						0
53. Guam	GU						0
54. Puerto Rico	PR						0
55. U.S. Virgin Islands	VI						0
56. Canada	CN						0
57. Other Alien	OT						0
58. Totals		0	0	0	0	0	0

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



*Not an insurance company